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U.S. Beef Exports to Taiwan Realize 2013 as Record Year

Report Categories:

Livestock and Products

Agricultural Situation

Approved By:

W. Garth Thorburn II, Chief, Agricultural Section American
Institute in Taiwan (AIT)

Prepared By:

Cleo Fu, Marketing Specialist, Agricultural Trade Office;
Emily Scott, Deputy Chief, Agricultural Section, AIT

Report Highlights:

Calendar year 2013 saw record high U.S. beef exports to Taiwan, facilitated by the establishment of a maximum residue limit for ractopamine in beef muscle in September 2012. The United States regained its position as the number one supplier of beef exports to the island, by value. Still, high prices and competing regional demand may limit supplies and constrain U.S. exports.

General Information:

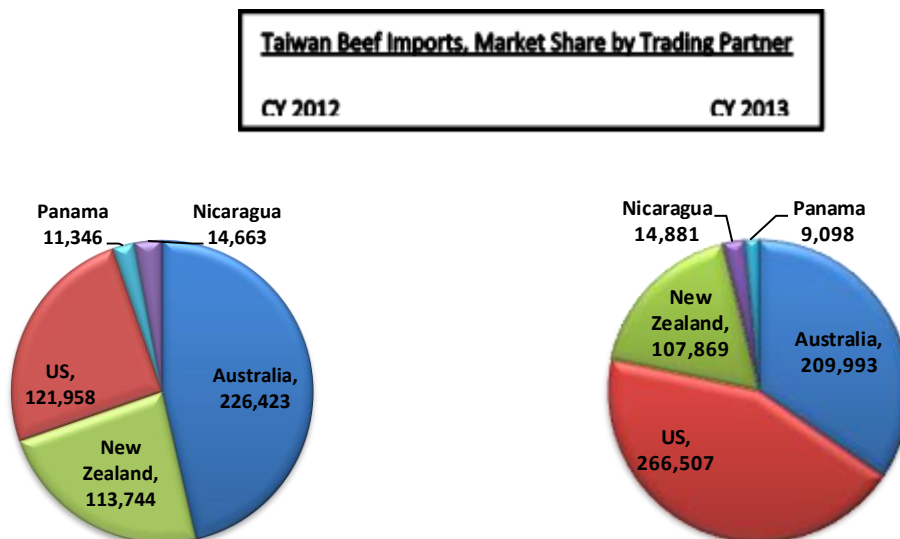
I. Overview

In September 2012, Taiwan authorities hesitantly established a maximum residue limit (MRL) for beef muscle, thereby facilitating U.S. beef exports to the island. Despite authorities' and politicians' claims that Taiwan consumers were gravely concerned with the safety of U.S. beef, actual trade data paints a different picture. CY2013 was a record year for U.S. beef exports to Taiwan, totaling over USD \$250 million. The United States has reestablished itself as the number one supplier of beef to Taiwan, by value. Nevertheless, U.S. beef exports to Taiwan may soften, negatively impacted by high prices and competing regional demand for specific cuts. See GAIN Report TW13030 for additional information and history.

II. Beef Trade Rallies – 2013 Realized as Record Year

Following the establishment of the MRL for ractopamine in beef muscle, U.S. beef exports to the island quickly rebounded to 2010 levels – before testing for ractopamine effectively halted exports. Between September 2012 and October 2012, U.S. beef exports to Taiwan increased by over 367%, by volume. This momentum carried through CY2012; U.S. beef exports reached nearly USD \$30 million in January 2013, buoyed by Chinese New Year's sales.

After starting off strong, imports of U.S. beef slumped in late summer/early fall 2013 when families are usually saving for the upcoming year's school term. Nevertheless, trade remained steady through the 4th quarter, supported by the local holidays. At the closing of 2013, U.S. beef exports to Taiwan were valued at USD \$266 million, a record high. The United States was Taiwan's number one beef supplier, by value, and second only to Australia, by volume.



III. Consumer Concerns -- Failed to Materialize in the Market, yet Drive Political Conversations

Taiwan authorities have long claimed that consumers are deeply concerned with the health and safety of U.S. beef. This alleged public concern delayed the establishment of an MRL for ractopamine in beef until the June Codex decisions provided sufficient political cover. Taiwan authorities and political officials still mention President Ma's "political sacrifice" in establishing the MRL for ractopamine in beef muscle. Considering the robust trade, these purported concerns are not translating into purchasing decisions.

Taiwan authorities, nevertheless, refer to the outlier consumer concerns when pushed to expand the ractopamine MRL to beef offal and pork, or to expand access for beef offal products long-limited due to supposed BSE concerns. In 2013, Taiwan imported approximately USD \$17.5 million worth of beef offal, essentially none of which was sourced from the United States. BSE concerns continue to limit U.S. pet food exports to the island.

IV. Supply, Demand, Trends

Several Asian cuts, particularly short ribs, are expensive and in short supply. USDA Choice chilled short ribs are more expensive than rib-eyes, forcing retailers and family restaurant chains to opt for cheaper chuck alternatives. Importers are also promoting more under-utilized cuts to provide better price alternatives for end-users.

Despite the upward trend in beef prices, Taiwan importers anticipate the 2014 total beef imports to exceed the 100,000 threshold, with beef per capita consumption reaching 5 kg.

Taiwan per Capita Consumption of Major Animal Protein

| | | | Year | Beef | Pork | Poultry | Seafood |
|------|------|-------|-------|-------|-------|---------|---------|
| 2010 | 4.90 | 36.98 | 32.70 | 18.43 | | | |
| | | | 2011 | 4.85 | 37.30 | 33.84 | 18.20 |
| 2012 | 4.39 | 37.18 | 32.54 | 19.39 | | | |

Source: Council of Agriculture, Unit: kg/person

Meanwhile, ground beef produced by Taiwan importers using U.S. beef trimmings was in high-demand in 2013. (Note: U.S. ground beef is not permitted to directly enter the country from the United States, but the demand is so high that producers are finding alternative ways to produce these products.) Traditionally, ground beef was produced in Taiwan from cheaper Australian or New Zealand rounds. However, retailers report consumers increasingly request custom-processed U.S. ground beef made from lean U.S. cuts.

V. Conclusion

While prices may soften demand, Post forecasts the popularity of U.S. beef to remain strong 2014 and beyond, barring any major political or sanitary issues. There is an increase in American style

restaurants, many of which feature U.S. beef predominately on the menus. This trend extends beyond the northern capitol of Taipei, where many Western style restaurants are opening in the island's southern half.

Contact Information for FAS Offices in Taiwan and in the United States

For Trade Policy/Market Access and General Agricultural Issues:

| |
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| Taiwan |
| American Institute In Taiwan, AIT, Taipei |
| Office Hours: 8:00 AM – 5:00 PM |
| Telephone: (011-866-2) 2162-2316 |
| Fax: (011-886-2) 2162-2238 |
| Email-FAS: agtaipei@fas.usda.gov |

For Market Development Assistance:

| |
|--|
| Taiwan |
| Agricultural Trade Office - Taipei, ATO, Taipei |
| Office Hours: 8:00 AM – 5:00 PM |
| Tel-Direct Line: (011-886-2) 2705-6536 |
| Fax: (011-886-2) 2706-4885 |
| Email-FAS: atotaipei@fas.usda.gov |